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BEAUCE PLACER MINING CO. LTD.

(NO PERSONAL LIABILITY)



EIGHTH ANNUAL REPORT

Year Ended Dec. 31, 1965



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Beauce Placer Mining Co. Ltd.

(No Personal Liability)

OFFICERS

M. J. BOYLEN, D.C.L., D.Sc. - - - - *President*
JAMES K. CROWDY - - - - *Vice-President and
Managing-Director*
GORDON L. MOORE - - - - *Secretary-Treasurer*
RAYMOND CARON, Q.C. - - - - *Assistant-Secretary*
CHARLES B. BRANNIGAN - - - - *Assistant-Treasurer*

DIRECTORS

M. J. BOYLEN, D.C.L., D.Sc. - Toronto 18, Ontario
JAMES K. CROWDY - - - - Montreal, Quebec
ROBERT J. ISAACS - - - - Islington, Ontario
FRANC R. JOUBIN - - - - Toronto, Ontario
DR. VICTOR LACOURCIER - - La Malbaie, Quebec

HEAD OFFICE

630 Dorchester Boulevard West Montreal 2, Quebec

EXECUTIVE OFFICE

908 - 330 Bay Street - - - - Toronto, Ontario

AUDITORS

THORNE, MULHOLLAND, HOWSON &
McPHERSON - - - - Toronto, Ontario

TRANSFER AGENTS

GUARANTY TRUST COMPANY OF
CANADA - - - - Toronto, Ontario
and Montreal, Quebec

Beauce Placer Mining Co. Ltd.

(No Personal Liability)

Directors' Report

TO THE SHAREHOLDERS:

The Eighth Annual Report of the Company, including a copy of its balance sheet and related financial statement and notes relative thereto for the year ended December 31st, 1965, and the report of the auditors, is submitted for your consideration.

Dredging operations on the Gilbert River area of the Gold Placer holdings of the Company, near Beauceville, Quebec, were continued during the period of May to October, 1965. The dredge was shut down during the early part of October due to the necessity of making repairs to its digging spud, and as the time of year was approaching the normal closing down period caused by cold weather, the dredge and other equipment were moved to a safe place for the winter months.

You will appreciate the fact that from the results of this operation to date it is obvious that recoverable values and yardages have both been too low. Maintenance charges are also high due to rough digging, and, when the water supply is low there is excessive abrasion and a resultant loss of fine gold.

It has been determined that there are two distinctive runs of gold present. The first, which consists of fairly uniform pieces and some fine gold, is from the pre-glacial channel. This gold is well worn and free from quartz. The second run is much coarser and consists of larger, rougher nuggets associated in some cases with considerable quartz. This is from a second concentration which must have taken place during the inter-glacial period, and was derived from a lower series of quartz veins and stringers. The greatest occurrence of the second type is from areas adjacent to the quartz.

At the commencement of operations in 1961, again in 1964, and the beginning of 1965, a considerable number of the larger nuggets were recovered but for most of the past season, the recovery seems mainly from the pre-glacial deposit. It is assumed that, due to the spotty nature of the deposit, richer areas could be found to counter-balance the lower recoveries so far attained, but to date results have not been encouraging. The Company's property and equipment are at present under the services of a Watchman.

The Company's holdings in the Beauceville area are extensive and despite the low recoveries made on the Gilbert River area it does not indicate all possibilities have been exhausted by any means. Success is contingent on finding a sufficient number of rich spots to compensate for the poor ones already mined, and this pattern is consistent with past experience on the Gilbert River area.

The fact that all possibilities of the area held by the Company have not been exhausted is being weighed with care, and the matter of arranging additional financing to continue the operation is a subject of concern.

Respectfully submitted,

On behalf of the Board of Directors,

M. J. BOYLEN,
President.

DATED at Toronto, Ontario,
this 20th day of May, 1966.

THORNE, MULHOLLAND, HOWSON & McPHERSON

CHARTERED ACCOUNTANTS

TORONTO

OFFICES IN CANADA

VANCOUVER	CALGARY	EDMONTON
SASKATOON	WINNIPEG	LONDON
KITCHENER	GALT	KINGSTON
MONTREAL	SAINT JOHN	MONCTON
	HALIFAX	

OFFICES OUTSIDE CANADA

NASSAU AND FREEPORT IN BAHAMAS
BRIDGETOWN, BARBADOS

SUITE 902

111 RICHMOND STREET WEST
TORONTO 1, ONT.

AUDITORS' REPORT

To the Shareholders of

Beauce Placer Mining Co. Ltd. (No Personal Liability):

We have examined the balance sheet of Beauce Placer Mining Co. Ltd. (No Personal Liability) as at December 31, 1965 and the statements of deficit, exploration and development, and administration and general expenses for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the company, the accompanying balance sheet and related statements of deficit, exploration and development, and administration and general expenses are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company as at December 31, 1965 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

THORNE, MULHOLLAND, HOWSON & McPHERSON,

Chartered Accountants.

Toronto, Canada,
May 16, 1966.

BEAUCE PLACER

(No Person
Incorporated under

Balance Sheet —

ASSETS

CURRENT ASSETS:

Accounts receivable	\$ 2,194.68	
Government of Canada bond on deposit with Quebec Securities Commission, at cost (market value \$892.50)	1,000.00	
Prepaid expenses	49,951.63	53,146.31

STORES AND SUPPLIES, AT COST 14,268.83

FIXED ASSETS, AT COST:

Land	44,632.58	
Drilling and automotive equipment, machinery and furniture	82,881.29	
Dredge and dredging equipment	664,446.53	
Mining rights and properties, at value assigned by directors to 750,000 fully paid shares (10¢ per share) issued as consideration therefor	\$75,000.00	
Value assigned by directors to 300,000 fully paid shares (30¢ per share) issued as consideration for exploration and development expenses of \$100,274.65 on the foregoing mining rights and properties	90,000.00	165,000.00
		956,960.40

DEFERRED CHARGES:

Exploration and development expenses	977,953.05	
Administration and general expenses	389,515.90	1,367,468.95

Approved on behalf of the Board:

M. J. BOYLEN, Director.

R. J. ISAACS, Director.

\$ 2,391,844.49

The accompanying note is a
This is the balance sheet referred to in our
THORNE, MU

MINING CO. LTD.

(Liability)

the laws of Quebec

December 31, 1965

LIABILITIES

CURRENT LIABILITIES:

Bank advance	\$ 4,847.23	
Accounts payable and accrued expenses	20,020.33	
Deposit re sale of fixed assets	25,000.00	
5% Notes and accrued interest payable to shareholders	237,101.51	
5% Unsecured, deferred subordinated promissory notes	350,000.00	
Accrued interest on subordinated promissory notes	165,691.65	802,660.72

LONG-TERM LIABILITIES:

6% Deferred demand notes		675,000.00
		<u>1,477,660.72</u>

SHAREHOLDERS' EQUITY

CAPITAL STOCK:

Authorized, 5,000,000 shares, par value \$1.00 each

Issued:

	No. of shares and par value	Discount	Net
For cash	3,268,134	\$ 2,455,198.10	\$812,935.90
For mining rights and properties	750,000	675,000.00	75,000.00
For exploration and development	300,000	210,000.00	90,000.00
	<u>4,318,134</u>	<u>\$ 3,340,198.10</u>	<u>977,935.90</u>

DEFICIT	63,752.13	914,183.77
		<u>\$ 2,391,844.49</u>

integral part of this statement.

Report to the shareholders dated May 16, 1966.

HOLLAND, HOWSON & McPHERSON,
Chartered Accountants.

Beauce Placer Mining Co. Ltd.

(No Personal Liability)

NOTE TO FINANCIAL STATEMENT

Year ended December 31, 1965

NOTES PAYABLE AND CAPITAL STOCK

The holders of 5% unsecured promissory notes advanced a further \$225,000.00 to the company under an agreement whereby:

- (a) the 6% noteholders would not require payment until all 5% notes are paid and
- (b) options to purchase up to 250,000 shares of the company at 10¢ per share were given to the 5% noteholders.

The 5% notes become payable December 17, 1966 at which date the option expires.

STATEMENT OF DEFICIT

Year ended December 31, 1965

Deficit at beginning of year			\$60,200.37
Add:			
Option on purchase of mining properties written off	\$2,000.00		
Accounts receivable written off	655.96		
Loss on disposal of fixed assets	895.80	3,551.76	
DEFICIT AT END OF YEAR			<u>\$63,752.13</u>

Beauce Placer Mining Co. Ltd.

(No Personal Liability)

STATEMENT OF EXPLORATION AND DEVELOPMENT EXPENSES

Year ended December 31, 1965

	Balance December 31, 1964	Expenses during 1965	Balance December 31, 1965
DRILLING	\$183,242.76	\$ —	\$183,242.76
DEVELOPMENT EXPENSES:			
Drainage	34,563.67	—	34,563.67
Access road	1,730.56	59.89	1,790.45
Dam and dredge pit	4,354.41	—	4,354.41
Cleaning and stripping	119,951.69	—	119,951.69
Dredge into pay area	197,168.59	—	197,168.59
Experimentation and feasibility	112,824.29	97,488.31	210,312.60
	470,593.21	97,548.20	568,141.41
Less Preproduction bullion revenue (net)	27,781.88	16,639.99	44,421.87
	442,811.33	80,908.21	523,719.54
PURCHASE OF LAND EASEMENTS	10,535.91	—	10,535.91
MINE OVERHEAD AND INDIRECT EXPENSE:			
Salaries	50,179.12	1,164.21	51,343.33
Rent and services	21,046.33	513.31	21,559.64
Postage, stationery and supplies	3,118.62	10.00	3,128.62
Telephone and telegraph	7,945.31	297.56	8,242.87
New York-Alaska office expense	19,538.63	—	19,538.63
Office and warehouse expense	3,547.22	4,775.40	8,322.62
Supervision	25,667.81	—	25,667.81
General engineering and drafting	13,455.85	3,018.89	16,474.74
Travelling and transportation	30,813.56	1,235.88	32,049.44
Employment service	1,424.35	—	1,424.35
Legal	384.85	—	384.85
Vacation with pay	5,551.01	943.01	6,494.02
Employee welfare	905.12	3.68	908.80
Bank charges	687.15	38.60	725.75
Loss on sale of fixed assets	7,494.59	—	7,494.59
Watchmen's salaries and expenses	13,559.71	675.00	14,234.71
General insurance	16,593.15	1,198.16	17,791.31
Employees' group insurance	1,505.86	724.09	2,229.95
Unemployment insurance and workmen's compensation	16,988.41	1,609.52	18,597.93
Municipal taxes	1,622.71	564.74	2,187.45
Taxes and licenses	5,559.67	115.70	5,675.37
Minimum wage expense	259.36	50.79	310.15
Mineral claim renewal fees	1,474.13	—	1,474.13
	249,322.52	16,938.54	266,261.06
	885,912.52	97,846.75	983,759.27
Less Revenue from wood cutting (net)	5,806.22	—	5,806.22
	\$880,106.30	\$ 97,846.75	\$977,953.05

Beauce Placer Mining Co. Ltd.

(No Personal Liability)

STATEMENT OF ADMINISTRATION AND GENERAL EXPENSES

Year ended December 31, 1965

	Balance December 31, 1964	Expenses during 1965	Balance December 31, 1965
Advertising	\$ 4,629.98	\$ —	\$ 4,629.98
Bank loan interest	74,066.37	252.67	74,319.04
Overdraft interest, bank charges and discounts	13,214.91	85.24	13,300.15
Interest on promissory notes	123,559.14	67,875.78	191,434.92
Corporation taxes	866.11	95.00	961.11
Engineering and consulting	3,436.16	149.50	3,585.66
Legal and audit	16,991.90	771.45	17,763.35
Postage, stationery and supplies	6,737.67	345.60	7,083.27
Security and registration expense	2,135.00	150.00	2,285.00
Listing and sustaining fees	2,395.10	100.00	2,495.10
Telephone and telegraph	4,748.25	332.07	5,080.32
Transfer agent and registrar's fees	4,016.12	610.98	4,627.10
Travelling expense	10,864.31	1,038.42	11,902.73
Administration	36,600.00	6,000.00	42,600.00
Reports to shareholders	4,874.35	512.78	5,387.13
Payment to widow of former manager	1,000.00	—	1,000.00
General expense	953.70	107.34	1,061.04
	<u>\$311,089.07</u>	<u>\$ 78,426.83</u>	<u>\$389,515.90</u>

